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OF COUNSEL
WILLIAM G. CONLY

August 16, 2004

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING.

Paluxy Sand, Reservoir B, CANADIAN BAYOU
FIELD, DeSoto Parish, Louisiana.

Dear Sir:

BRIDAS ENERGY USA, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of an Order pertaining to the following matters relating to the Paluxy Sand, Reservoir B, in the Canadian Bayou Field, DeSoto Parish, Louisiana:

1. To create two (2) additional drilling and production units for the exploration for and production of gas and condensate from the Paluxy Sand, Reservoir B, such units being designated PXY RB SUG and PXY RB SUH, and being shown on the attached plat.
2. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed additional units in accordance with Section 10, Title 30, of the Louisiana Revised Statutes of 1950, with each separate tract sharing in unit production on a surface acreage basis of participation.
3. To designate an Operator of, and unit wells for, the proposed units as may be appropriate.
4. To extend, except as in conflict herewith, the provisions of Office of Conservation Order No. 708-A-1, effective February 3, 1977, as amended and supplemented, to the proposed additional units.
5. To consider such other matters as may be pertinent.

The Paluxy Sand, Reservoir B, in the Canadian Bayou Field, DeSoto Parish, Louisiana, was defined in Office of Conservation Order No. 708-A-1, effective February 3, 1977.

Pertinent data concerning this application is available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Boulevard, Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect such data should call Mr. Louis Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such pertinent data which is not otherwise available from the records of the Louisiana Office of Conservation can be obtained from Applicant at the expense of the requesting party.

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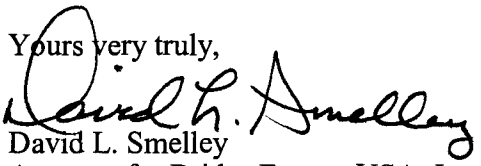
By letter dated July 23, 2004, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these matters and a pre-application conference with respect to Applicant's proposals was thereafter held beginning at 11:00 o'clock a.m. on August 13, 2004, in Shreveport, Louisiana. Attached is a list of the names and addresses of those persons present at the conference.

The purpose of the conference was explained as well as the bases for Applicant's proposals by sufficient data and detail for those present at the conference to have a reasonable opportunity to discuss the proposals and attempt to resolve any differences in good faith. Following Applicant's presentation, there was a general question and answer period concerning the proposals of Applicant. No opposition was expressed to the proposals of Applicant. Thereafter, the conference was adjourned.

Attached hereto is a plat outlining the two (2) additional drilling and production units which Applicant proposes to create (which plat is identical to that attached to the pre-application notice). Also attached hereto is a list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom a copy of this application is being sent. Pursuant to the Revised Rules of Procedure, such list is being forwarded only to the Commissioner of Conservation and to the District Manager of the Shreveport District of the Office of Conservation. A copy of the list will be furnished by the undersigned to any party so requesting. A reasonable effort was made to obtain a complete list of Interested Owners, Represented Parties and Interested Parties.

Applicant will provide for posting of a copy of the Legal Notice of this hearing and the enclosed plat at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of Canadian Bayou Field, all in accordance with the Revised Rules of Procedure. Furthermore, a copy of the Legal Notice will be mailed to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, we enclose our check payable to the Commissioner of Conservation for the application fee.

Yours very truly,

David L. Smelley
-- Attorney for Bidas Energy USA, Inc.

DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encls.)
Ms. Linda McGowen (w/encls.)
Mr. Jerry Loyd (w/encls.)
Mr. Louis Gilbert (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plat only)

dls/app/canadianbayou.application.wpd

